



*United States Attorney
Southern District of New York*

**FOR IMMEDIATE RELEASE
APRIL 21, 2011**

**CONTACT: U.S. ATTORNEY'S OFFICE
ELLEN DAVIS, CARLY SULLIVAN,
JERIKA RICHARDSON, EDELI RIVERA
PUBLIC INFORMATION OFFICE
(212) 637-2600**

**ED-OIG
CATHERINE GRANT
(202) 245-7023**

**MANHATTAN U.S. ATTORNEY CHARGES BEAUTY SCHOOL OWNER
AND SIX OTHERS WITH CONSPIRING TO FRAUDULENTLY OBTAIN
FEDERAL FINANCIAL AID**

PREET BHARARA, the United States Attorney for the Southern District of New York, BRIAN HICKEY, the Special Agent-in-Charge of the Northeast Region of the U.S. Department of Education, Office of the Inspector General ("ED-OIG"), and ROBERT L. PANELLA, the Special Agent-in-Charge of the U.S. Department of Labor, Office of Labor Racketeering and Fraud Investigations, announced that SIU PING YUEN, owner of the USA Beauty School International, Inc. ("USAB"), and DOMINICK YUEN BONOMOLO, the Financial Aid Director of USAB, were arrested today, along with five other USAB employees, for conspiring to fraudulently obtain federal Pell Grant funds.

Manhattan U.S. Attorney PREET BHARARA said: "As alleged in the Complaint, there is an ugly side to USA Beauty School, one that involves a systematic pattern of deception and fraud. These defendants allegedly used false records and phony diplomas to fraudulently obtain Pell Grant funds, taking them from students and schools that were more deserving. This type of fraud is unacceptable, and we will continue to work with our law enforcement partners to put a stop to it."

Special Agent-in-Charge for the Northeastern Region of the U.S. ED-OIG BRIAN HICKEY said: "Today's action alleges that the defendants defrauded taxpayers in a deliberate, methodical, and exhaustive way. I am proud of the work of OIG's Special Agents for their pursuit of these individuals."

According to the Complaint filed in Manhattan federal court:

The Federal Pell Grant Program, administered and funded

by the U.S. Department of Education, provides financial aid to eligible, low-income, post-high school students to assist with post-secondary education costs. The grants are paid by the Department of Education to the educational institution, which then provides credits to the enrolled student to cover charges, such as tuition. To participate in the Program, institutions must enter into a Program Participation Agreement with the Department of Education.

USAB, which provides cosmetology courses, is located in the Chinatown section of Manhattan. From August 2006 through December 2010, YUEN, BONOMOLO, and defendants MEI TAM CHUN, KERRY HUANG, QUI YING MEI, AWILDA MENESES, and WEI MING CHEN allegedly obtained Pell Grant funds through various fraudulent devices. Among other things, the scheme involved creating fictitious high school diplomas in an effort to make otherwise ineligible students appear eligible for grants, forging federal financial aid applications so that USAB could obtain grants for which they were not entitled, and creating false attendance records in which students were marked present when, in reality, the students were absent from school. In certain instances, attendance records were created for periods in the future. Since June 2006, the Department of Education provided more than four million dollars in Pell Grants to the school.

* * *

YUEN, BONOMOLO and CHUN are each charged with one count of Pell Grant fraud and one count of conspiracy to commit Pell Grant fraud. Each faces a maximum penalty of ten years in prison and fines of \$270,000 or twice the gross gain or loss from the offenses. The remaining defendants are each charged with one count of conspiracy to commit Pell Grant Fraud and face a maximum penalty of five years in prison and a fine of \$250,000 or twice the gross gain or loss from the offenses.

Mr. BHARARA praised the investigative efforts of the U.S. ED-OIG and the U.S. Department of Labor, Office of Labor Racketeering and Fraud Investigations.

This case is being handled by the Office's General Crimes Unit. Assistant U.S. Attorney MARTIN S. BELL is in charge of the prosecution.

The charges contained in the Complaint are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

11-105

###